

**Services Taxed in South Carolina if SC Tax Realignment Committee  
Recommendations are Enacted (Services and Intangibles Subcommittee Draft  
Report of August 10, 2010 and Draft Legislation of June 28, 2010)**

The following is a modified version of the FTA Survey on services. It is intended to more fully explain the services that would be taxed if the proposed draft recommendations of the SC Tax Realignment Committee were adopted. This chart will only provide general guidance and is not intended to be the Department of Revenue's official opinion on the application of the sales and use tax to the committee's recommendations if they are adopted by the General Assembly. The following provides a brief explanation of the chart:

**6:** Items with a tax rate of 6% are transactions currently subject to the 6% state sales and use tax.

**5:** Items with a tax rate of 5% are transactions currently subject to the 5% state admissions tax.

**TRAC:** Items with "TRAC" listed under the tax rate are transactions that would be subject to the state sales and use tax under the proposed draft recommendations of the SC Tax Realignment Committee.

**TRAC(\*):** Items with "TRAC(\*)" listed under the tax rate are transactions that are partially taxed under the current sales and use tax law and would be subject to the state sales and use tax more fully under the proposed draft recommendations of the SC Tax Realignment Committee. For example, the sale of a new part for an automobile is currently subject to the tax; the applicable separately stated installation charges are not. The proposed draft would tax the installation charges.

Service	Tax Rate	Notes
000 - Retail Sales Tax Rate	?	<sup>1</sup>
<b><u>Agricultural Services</u></b>		
001 - Soil prep., custom baling, other ag. services	E	
002 - Veterinary services (both large and small animal)	E	
003 - Horse boarding and training (not race horses)	TRAC	
004 - Pet grooming	TRAC	
005 - Landscaping services (including lawn care)	E	

<sup>1</sup> The present state rate is 6%.

**Industrial and Mining Services**

006 - Metal, non-metal and coal mining services	E
007 - Seismograph & Geophysical Services	E
008 - Oil Field Services	E
009 - Typesetting service; platemaking for the print trade	E

**Construction**

010 - Gross Income of Construction Contractors	E
011 - Carpentry, painting, plumbing and similar trades.	E
012 - Construction service (grading, excavating, etc.)	E
013 - Water well drilling	E

**Transportation Services**

014 - Income from intrastate transportation of persons	TRAC
015 - Local transit (intra-city) buses	TRAC
016 - Income from taxi operations	TRAC
017 - Intrastate courier service	? <sup>2</sup>
018 - Interstate air courier (billed in-state)	E

**Storage**

019 - Automotive storage	TRAC
020 - Food storage	TRAC
021 - Fur storage	TRAC <sup>3</sup>
022 - Household goods storage	TRAC
023 - Mini -storage	TRAC
024 - Cold storage	TRAC
025 - Marina Service (docking, storage, cleaning, repair)	TRAC
026 - Marine towing service (incl. tugboats)	TRAC
027 - Travel agent services	E
028 - Packing and crating	E

**Utility Service – Industrial Use**

029 - Intrastate telephone & telegraph	TRAC(*)
030 - Interstate telephone & telegraph	TRAC

<sup>2</sup> It is unclear as to whether the imposition of the tax on “intra-state transportation” in the committee’s recommendation applies to transportation of property as well as persons. The committee may want to review this issue.

<sup>3</sup> Charges for cleaning, glazing or dyeing furs are taxable. If charges for storing a fur is separate from the cleaning, glazing or dyeing charges, then such storage charges are not taxable

031 - Cellular telephone services	6	
032 - Electricity	E	<sup>4</sup>
033 - Water	TRAC	
034 - Natural gas	E	<sup>5</sup>
035 - Other fuel (including heating oil)	E	<sup>6</sup>
036 - Sewer and refuse, industrial	E	
<b><u>Utility Service – Residential Use</u></b>		
037 - Intrastate telephone & telegraph	6	
038 - Interstate telephone & telegraph	TRAC	
039 - Cellular telephone services	6	
040 - Electricity	TRAC	
041 - Water	TRAC	
042 - Natural gas	TRAC	
043 - Other fuel (including heating oil)	TRAC	
044 - Sewer and refuse, residential	E	
<b><u>Finance, Insurance and Real Estate</u></b>		
045 - Service charges of banking institutions	E	
046 - Insurance services	E	
047 - Investment counseling	E	
048 - Loan broker fees	E	
049 - Property sales agents (real estate or personal)	E	
050 - Real estate management fees (rental agents)	E	
051 - Real estate title abstract services	E	
052 - Tickertape reporting (financial reporting)	E	<sup>7</sup>
<b><u>Personal Services</u></b>		
053 - Barber shops and beauty parlors	TRAC	
054 - Carpet and upholstery cleaning	TRAC	
055 - Dating services	E	
056 - Debt counseling	E	
057 - Diaper service	6	
058 - Income from funeral services	TRAC(*)	<sup>8</sup>

<sup>4</sup> Electricity, natural gas, and other fuels used in manufacturing, processing, mining and quarrying tangible personal property for sale are exempt. Electricity used by radio and TV stations to produce, broadcast or distribute programs exempt. See SC Regulation 117-302 and 117-328 for more details. Fuel used by transportation companies for motive power exempt. Fuel used in farm machinery and farm tractors exempt. Fuel used in commercial fishing vessels exempt. Fuel used to cure agricultural products or to irrigate crops exempt.

<sup>5</sup> See Footnote #4.

<sup>6</sup> See Footnote #4.

<sup>7</sup> Taxable if it is a charge to access or use an online database. Charges to access or use an online database/information service are taxable. For examples of taxable and non-taxable communication services, see SC Revenue Ruling #06-8.

<sup>8</sup> Presently, charges for tangible personal property are taxable (caskets, etc.). Charges for services are not taxable. See SC Regulation 117-309.8. Under the TRAC recommendations, some services will be taxed.

059 - Fishing and hunting guide services	E
060 - Garment services (altering & repairing)	TRAC
061 - Gift and package wrapping service	E <sup>9</sup>
062 - Health clubs, tanning parlors, reducing salons	TRAC(*) <sup>10</sup>
063 - Laundry and dry cleaning services, coin-op	TRAC
064 - Laundry and dry cleaning services, non-coin op	TRAC(*) <sup>11</sup>
065 - Massage services	TRAC
066 - 900 Number services	11
067 - Personal instruction (dance, golf, tennis, etc.)	E
068 - Shoe repair	TRAC
069 - Swimming pool cleaning & maintenance	TRAC
070 - Tax return preparation	E
071 - Tuxedo rental	6
072 - Water softening and conditioning	E
<b><u>Business Services</u></b>	
073 - Billboards	E
074 - Radio & television, national advertising	E
075 - Radio & television, local advertising	E
076 - Newspaper	TRAC
077 - Magazine	6
078 - Advertising agency fees (not ad placement)	E
079 - Armored car services	E
080 - Bail bond fees	E
081 - Check & debt collection	E
082 - Commercial art and graphic design.	6 <sup>12</sup>
083 - Commercial linen supply	6
084 - Credit information, credit bureaus	6 <sup>13</sup>
085 - Employment agencies	E
086 - Interior design and decorating	E
087 - Maintenance and janitorial services	TRAC
088 - Lobbying and consulting	E

<sup>9</sup> Taxable if associated with the sale of tangible property.

<sup>10</sup> Presently, health clubs are subject to the state admissions tax; however, many fall within an exemption in the state admissions tax law. Under the TRAC recommendation, health clubs would be subject to the sales tax and in some cases both the sales tax and the admissions tax. The committee may want to review this issue.

<sup>11</sup> Presently, garment cleaning services are taxed under the law. This would expand the tax to adjustments, changes, restoration, coloring and custom fitting and design of garments. Also, some drycleaning facilities are required to remit an additional 1% environmental surcharge.

<sup>12</sup> Taxable if true object of the transaction is the sale of tangible personal property.

<sup>13</sup> Taxable if it is a charge to access or use an online database. Charges to access or use an online database/information service are taxable. For examples of taxable and non-taxable communication services, see SC Revenue Ruling #06-8.

089 - Marketing	E	
090 - Packing and crating	E	
091 - Exterminating (includes termite services)	TRAC	
092 - Photocopying services	6	
093 - Photo finishing	TRAC	
094 - Printing	6	<sup>14</sup>
095 - Private investigation (detective) services	E	
096 - Process server fees	E	<sup>15</sup>
097 - Public relations, management consulting	E	
098 - Secretarial and court reporting services	E	
099 - Security services	TRAC	
100 - Sign construction and installation	6	<sup>16</sup>
101 - Telemarketing services on contract	E	
102 - Telephone answering service	6	
103 - Temporary help agencies	E	
104 - Test laboratories (excluding medical)	E	
105 - Tire recapping and repairing	TRAC	
106 - Window cleaning	TRAC	

### **Computer**

107 - Software - package or canned program	TRAC(*)	
108 - Software - modifications to canned program	TRAC(*)	
109 - Software - custom programs - material	TRAC(*)	
110 - Software - custom programs - professional serv.	TRAC(*)	
111 - Internet Service Providers-Dialup	E	
112 - Internet Service Providers-DSL or other broadband	E	
113 - Information services	6	
114 - Data processing services	TRAC	
115 - Mainframe computer access and processing serv.	6	<sup>17</sup>

### **Computer Online Services**

116 - Online Data processing services New	TRAC	
117 - Software - Downloaded New	TRAC	
118 - Books - Downloaded New	TRAC	
119 - Music - Downloaded New	TRAC	
120 - Movies/Digital Video - Downloaded New	TRAC	
121 - Other Electronic Goods - Downloaded New	TRAC	

<sup>14</sup> Taxable if printer produces such items as brochures, letterheads, envelopes, circulars, etc.

<sup>15</sup> Taxable if it is a charge to access or use an online database. Charges to access or use an online database/information service are taxable. For examples of taxable and non-taxable communication services, see SC Revenue Ruling #06-8.

<sup>16</sup> Installation not taxed if separately billed

<sup>17</sup> Presently, SC taxes charges to access or use a website. If computer mainframe access is the same as accessing and using a website, this charge is subject to the tax.

**Automotive Services**

122 - Automotive washing and waxing.	TRAC
123 - Automotive road service and towing services	TRAC
124 - Auto service. except repairs, incl. painting & lube	TRAC
125 - Parking lots & garages	? <sup>18</sup>
126 - Automotive rustproofing & undercoating.	TRAC

**Admissions and Amusements**

127 - Pari-mutuel racing events.	E
128 - Amusement park admission & rides	5
129 - Billiard parlors	E
130 - Bowling alleys	5
131 - Cable TV services	6
132 - Direct Satellite TV	6
133 - Circuses and fairs -- admission and games	5
134 - Coin operated video games	E
135 - Admission to school and college sports events	5
136 - Membership fees in private clubs.	5
137 - Admission to cultural events	5
138 - Pinball and other mechanical amusements	E
139 - Admission to professional sports events	5
140 - Rental of films and tapes by theaters	E
141 - Rental of video tapes for home viewing	6

**Professional Services**

142 - Accounting and bookkeeping	E
143 - Architects	E
144 - Attorneys	E
145 - Dentists	E
146 - Engineers	E
147 - Land surveying	E
148 - Medical test laboratories	E
149 - Nursing services out-of-hospital	E
150 - Physicians	E

---

<sup>18</sup> If charges for using a parking garage are considered "vehicle storage," then such charges would be subject to the sales tax under the TRAC recommendations.

**Lease and Rentals<sup>19</sup>**

151 - Personal property, short term (generally)	6
152 - Personal property, long term (generally)	6
153 - Bulldozers, draglines and const. mach., short term	6
154 - Bulldozers, draglines and const. mach., long term	6
155 - Rental of hand tools to licensed contractors.	6
156 - Short term automobile rental	6
157 - Long term automobile lease	6
158 - Limousine service (with driver)	TRAC
159 - Aircraft rental to individual pilots, short term	6
160 - Aircraft rental to individual pilots, long term	6
161 - Chartered flights (with pilot)	TRAC
162 - Hotels, motels, lodging houses	7
163 - Trailer parks - overnight	7

**Fabrication, Installation, and Repair Services**

164 - Custom fabrication labor	E	<sup>20</sup>
165 - Repair material, generally	6	
166 - Repair labor, generally	TRAC	
167 - Labor charges on repair of aircraft	TRAC	
168 - Labor charges - repairs to interstate vessels	TRAC	
169 - Labor charges - repairs to intrastate vessels	TRAC	
170 - Labor - repairs to commercial fishing vessels	TRAC	
171 - Labor charges on repairs to railroad rolling stock	TRAC	
172 - Labor charges on repairs to motor vehicles	TRAC	
173 - Labor on radio/TV repairs; other electronic equip.	TRAC	
174 - Labor charges - repairs other tangible property	TRAC	
175 - Labor - repairs or remodeling of real property	TRAC	<sup>21</sup>
176 - Labor charges on repairs delivered under warranty	TRAC	
177 - Service contracts sold at the time of sale of	6	

<sup>19</sup> A maximum tax is established for sales or long term (90 + days) rentals of aircraft, motor vehicles, boats, motorcycles, trailers, RV's, and light construction equipment. See Section 12-36-2110

<sup>20</sup> Taxable if part of the charge (sale) of tangible personal property. Exempt if not part of the charge (sale) of tangible personal property.

<sup>21</sup> Only certain limited repairs to real property would be taxable under the TRAC recommendations.

<b>TPP.</b>		
178 - Installation charges by persons selling property	TRAC	
179 - Installation charges - other than seller of goods	TRAC	
180 - Custom processing (on customers property)	E	
181 - Custom meat slaughtering, cutting and wrapping	E	
182 - Taxidermy	TRAC	
183 - Welding labor (fabrication and repair)	TRAC	
<b><u>Other Taxed Services</u></b>		
184 - Other Services-not listed	6	<sup>22</sup>
185 - Other Services-not listed (2)		

---

<sup>22</sup> Charges for certain communication services (see SC Revenue Ruling #06-8); Charges for laundering , dry cleaning and pressing services (see SC Regulation 117-303); Charges for the sale or renewal of warranty, maintenance and similar contracts for tangible personal property; Charges for furnishing accommodations; and Charges for additional guest services at a place furnishing accommodations. Also, services sold in conjunction with the sale of tangible personal property are subject to the tax as part of the gross proceeds of sales of the tangible personal property, unless otherwise exempted or excluded.